

Case Studies in Chinese Economic Pressure

By Ashley Hitchings

June 17, 2020

SUMMARY OF CASES

ACTORS	YEAR	INCIDENT	IMPORT CURBS	EXPORT CURBS	TRAVEL BANS	CORPORATE PRESSURE	POPULAR BOYCOTTS	NO ACTION
Norway	2010	Chinese dissident wins Nobel Prize	●					
Taiwan	2010, 2015	Taiwan-U.S. arms and aircraft deal						●
Japan	2010	Maritime collision in disputed waters		●				
Japan	2012	Japan purchases contested islands	●		●		●	
United Kingdom	2012	UK Prime Minister meets Dalai Lama						●
Philippines	2012	Maritime disputes in South China Sea	●		●			
Mongolia	2016	Dalai Lama visits Mongolia	●					
Taiwan	2016	Tsai Ing-wen elected Taiwan president			●	●		
South Korea	2016	U.S. deploys THAAD to South Korea			●	●	●	
North Korea	2006 - 2017	North Korean nuclear tests	●	●	●	●		
Canada	2018	Huawei executive arrested in Canada	●					
Czech Republic	2019	Prague-Beijing sister city conflict				●		
Germany, France	2019	EU nations tighten 5G regulations						●
Australia	2020	Australia lobbies for coronavirus investigation	●				●	
Missouri	2020	Missouri sues China over Covid-19 outbreak						●

1. Chinese dissident Liu Xiaobo awarded the Nobel Peace Prize

When human rights activist Liu Xiaobo won the 2010 Nobel Peace Prize for his non-violent resistance efforts in China, Norway lost its golden ticket to the Chinese salmon market. In the weeks preceding the ceremony, the Chinese embassy in Oslo warned of “damage” to diplomatic ties should the award be bestowed upon Liu, whom Foreign ministry spokesman Ma Zhaoxu labeled a “criminal who violated Chinese law.”¹ Despite Norway’s insistence that parliament had no sway over the Norwegian Nobel Committee, threats continued to circulate in Beijing. Citing issues of meddling in “other countries’ legal sovereignty,” bureaucrats summoned the Norwegian ambassador to bear official complaints of China’s indignation.²

When Liu was ultimately christened a Nobel laureate, Beijing swiftly canceled exchange visits, terminated trade negotiations, froze senior-level diplomatic exchanges, and, most notably, imposed new sanctions on Norwegian salmon.³ China snubbed Norway’s Fisheries Minister, Lisbeth Berg-Hansen, canceling two meetings and plans to negotiate in Beijing.⁴ An order issued by the Beijing Capital Airport Inspection and Quarantine Service soon after required stricter checks specifically for Norwegian aquaculture products. A month later, the Central Office of Quality Supervision, Inspection and Quarantine issued Notice No. 9, an order titled “General Notice on Strengthening Inspection and Quarantine of Imported Salmon,” which called for more stringent sanitation and veterinary testing for salmon imports. According to Chinese

stakeholders, salmon shipments typically passed through customs in 3-4 days; Norwegian imports took up to 20.⁵

A collapse in salmon sales to China ensued; while overall trade between Norway and China grew 46% in the following six months, fresh salmon sales plummeted by 61.8%.⁶ Notably, mainland China comprised only 2% of Norway’s salmon market, suggesting Beijing’s move may have been more symbolic than economic. Norway nevertheless reported China to the World Trade Organization, alleging that Notice No. 9 was applied discriminately and violated the SPS agreement, but to little avail.⁷ Claims that salmon restrictions erected by China conflicted with international trade rules fell flat, and Norway seemingly began to bow under pressure. In 2014, Prime Minister Erna Solberg publicly announced she would not meet with the Dalai Lama during his latest visit to Norway. Diplomatic tensions thawed further in 2016 when Foreign Minister Børge Brende announced the nation’s support for the “One China” policy in a joint statement with Chinese officials.⁸

2. United States negotiates arms and aircraft sales with Taiwan

Commencing the new year in 2010 with plans for a \$6.4bn weapons deal, the U.S. and Taiwan soon confronted bristling resistance from Beijing. The package, which included 114 U.S. Patriot missiles, 60 Black Hawk helicopters, machine guns and ammunition, and communications equipment for Taiwan’s F-16

¹ Mark Lewis, “Norway’s Salmon Rot as China Takes Revenge for Dissident’s Nobel Prize,” *The Independent* (Independent Digital News and Media, October 23, 2011), <https://www.independent.co.uk/news/world/europe/norways-salmon-rot-as-china-takes-revenge-for-dis->; Martin Patience, “Nobel Peace Prize Awarded to China Dissident Liu Xiaobo,” *BBC News* (BBC, October 8, 2010), <https://www.bbc.com/news/world-europe-11499098>.

² Zhang, Ketian Vivian. “Chinese Non-Military Coercion-Tactics and Rationale.” *Brookings*. Brookings, October 4, 2019. <https://www.brookings.edu/articles/chinese-non-military-coercion-tactics-and-rationale/>; “China-Norway Talks Postponed amid Nobel Peace Prize Row.” *The Guardian*. Guardian News and Media, December 2, 2010. <https://www.theguardian.com/world/2010/dec/02/china-norway-talks-nobel-peace-prize>.

³ Zhang, Ketian Vivian. “Chinese Non-Military Coercion-Tactics and Rationale.” *Brookings*. Brookings, October 4, 2019. <https://www.brookings.edu/articles/chinese-non-military-coercion-tactics-and-rationale/>.

⁴ Bekheet, Diaa. “China Snubs Norway Again in Nobel Prize Dispute.” *Voice of America*, October 11, 2010. <https://www.voanews.com/east-asia/china-snubs-norway-again-nobel-prize-dispute>.

⁵ Xianwen Chen and Roberto Javier Garcia, “Economic Sanctions and Trade Diplomacy: Sanction-Busting Strategies, Market Distortion and Efficacy of China’s Restrictions on Norwegian Salmon Imports,” *China Information* 30, no. 1 (2016): pp. 29-57, <https://doi.org/10.1080/10634269.2016.1149909>.

⁶ Mark Lewis, “Norway’s Salmon Rot as China Takes Revenge for Dissident’s Nobel Prize,” *The Independent* (Independent Digital News and Media, October 23, 2011), <https://www.independent.co.uk/news/world/europe/norways-salmon-rot-as-china-takes-revenge-for-dis->

⁷ Committee on Sanitary and Phytosanitary Measures. “Quarantine and Testing Procedures Applied to Salmon Imported from Norway - Questions to China (G/SPS/GEN/1090).” *World Trade Organization*, June 20, 2011. <https://docsonline.wto.org/dol2fe/Pa>

⁸ Jacobsen, Stine, and Ben Blanchard. “Norway, China Normalize Ties after Nobel Peace Prize Row.” *Reuters*. Thomson Reuters, December 19, 2016. <https://www.reuters.com/article/us-norway-china/norway-china-normalize-ties-after-nobel-peace-prize-row-idUSKBN148>

fleet, signaled continued collaboration between Washington and Beijing in securing Asia-Pacific security interests.⁹ To China, this show of bipartisanship represented an alarming threat; in response, Beijing issued warnings of its own. According to Senior Defense Strategist Yang Yi, China planned to erect unspecified sanctions against U.S. aircraft and arms companies involved should the sale proceed to “teach a lesson to the U.S. government” even at the cost of “harm[ing] [them]selves.”¹⁰ Cautioning “repercussions that neither side wishes to see,” Chinese foreign ministers alluded to plans to postpone military exchanges, such as a planned visit from U.S. Defense Secretary Robert Gates’, and mutual naval visits.¹¹

In the face of ominous portents, Taiwan and the U.S. followed through with the sale, with the State Department chief spokesman's citing a priority of maintaining “stability and security” in the region.¹² As anticipated, Beijing promptly suspended military talks and visits for what the foreign ministry called a “gross intervention into China’s internal affairs.”¹³ However, threats of economic retaliation never materialized, and military exchanges stalled for under than a year.¹⁴

Scarcely a year passed before the U.S. and Taipei negotiated yet another billion-dollar arms package in 2011. Renewed tensions drew similar responses from an irate China—according to the state-run *Xinhua* news agency, Vice Foreign Minister Zhang Zhijun cautioned that “wrongdoing by the U.S. will inevitably undermine

bilateral relations.”¹⁵ Once again, threats were insufficient to terminate the \$5.3bn deal designed to upgrade Taiwan’s fleet of fighter jets.¹⁶ However, the Obama administration’s decision not to sell its coveted F-16 jets was seen by some as a show of restraint meant to mitigate fresh remonstrations. After all, when the Pentagon sold F-16s to Taiwan in 1992, China threatened to withdraw from international arms control talks and helped Pakistan develop ballistic missiles.¹⁷ Though *Xinhua* called this round of arms sales a “despicable breach of faith in international relations,” outcry from state media and officials ultimately proved paper tigers, and China reneged on its menacing promises.¹⁸

3. China-Japan maritime collision in disputed waters

Competing territorial claims between Japan and China over the Japanese-controlled Senkaku/Diaoyou island chain, potentially abundant in lucrative oil reserves, harken back centuries.¹⁹ But when a Chinese fishing boat collided with a Japanese patrol boat in disputed waters in 2010, animosities reached a boil. Under orders from Minister of Transport Seiji Maehara to “persist with a resolute attitude,” Japanese authorities acted with uncharacteristic mettle.²⁰ Law enforcement arrested the Chinese trawler’s captain, Zhan Qixiong, under suspicion of

⁹ BBC News, “China Hits Back at US over Taiwan Weapons Sale,” January 30, 2010, <http://news.bbc.co.uk/2/hi/asia-pacific/8488765.stm>.

¹⁰ Garnaut, John. “China Threatens US Sanctions over Arms Sale.” *The Sydney Morning Herald*, February 2, 2010. <https://www.smh.com.au/world/china-threatens-us-sanctions-over-arms-sale-20100202-nb28.html>.

¹¹ Wills, Ken. “China: U.S. Arms Sales to Taiwan Hurt National Security.” *Reuters*. Thomson Reuters, January 31, 2010. <https://www.reuters.com/article/us-usa-china-taiwan/china-u-s-arms-sales-to-taiwan-hurt-national-security-idUSTRE60To7W20100131>.

¹² Wolf, Jim. “U.S. Regrets China’s Response to Arms Sales.” *Reuters*. Thomson Reuters, January 30, 2010.

<https://www.reuters.com/article/us-usa-china-taiwan/u-s-regrets-chinas-response-to-arms-sales-idUSTRE60To7W20100130>.

¹³ Browne, Andrew, and Jay Solomon. “China Threatens U.S. Sanctions Over Arms Sale to Taiwan.” *The Wall Street Journal*. Dow Jones & Company, January 31, 2010. <https://www.wsj.com/articles/SB10001424052748703389004575034240303883892>.

¹⁴ Jacobs, Andrew. “Arms Sale Draws Angry, but Familiar, Reaction.” *The New York Times*, September 22, 2011. <https://www.nytimes.com/2011/09/23/world/asia/china-expresses-anger-over-latest-us-arms-sales-to-taiwan.html>.

¹⁵ “China Warns U.S. against Arms Sales to Taiwan.” *CNN*. Cable News Network, September 22, 2011.

<https://www.cnn.com/2011/09/22/world/asia/china-us-taiwan-arms-sale/index.html>.

¹⁶ Jacobs, Andrew. “Arms Sale Draws Angry, but Familiar, Reaction.” *The New York Times*, September 22, 2011.

<https://www.nytimes.com/2011/09/23/world/asia/china-expresses-anger-over-latest-us-arms-sales-to-taiwan.html>.

¹⁷ Jacobs, Andrew. “China Warns U.S. Against Selling F-16s to Taiwan.” *The New York Times*, February 25, 2010.

<https://www.nytimes.com/2010/02/26/world/asia/26china.html>.

¹⁸ Jacobs, Andrew. “Arms Sale Draws Angry, but Familiar, Reaction.” *The New York Times*, September 22, 2011.

<https://www.nytimes.com/2011/09/23/world/asia/china-expresses-anger-over-latest-us-arms-sales-to-taiwan.html>.

¹⁹ Drifte, Reinhard. “The Japan-China Confrontation Over the Senkaku/Diaoyu Islands – Between ‘Shelving’ and ‘Dispute Escalation’.” *The Asia-Pacific Journal*, 3, 12, no. 30 (July 27, 2014). <https://apjif.org/-Reinhard-Drifte/4154/article.pdf>.

²⁰ Green, Michael, and Kathleen Hicks. “Counter-Coercion Series: Senkaku Islands Trawler Collision.” *Asia Maritime Transparency Initiative*, May 18, 2017. <https://amti.csis.org/counter-co-rawler-collision/>.

obstructing coast guard duties.²¹ Arguing the islands have been Chinese property since ancient times, the Chinese embassy protested the “illegal detention of the captain,” and Vice Foreign Minister Song Tao summoned the Japanese ambassador to Beijing to bear remonstrations about the “illegal interception” of Chinese fishing vessels.²²

Soon thereafter, Beijing froze ministerial-level talks on joint energy initiatives and halted rare earths exports to its adversary.²³ According to industry officials, Chinese customs officers quietly began freezing shipments of rare earth minerals to Japan, preventing them from being loaded aboard ships at Chinese ports.²⁴ Rare earth minerals are a crucial input in Japan’s automotive and electronics industries. With China as the world’s largest supplier of rare earths and Japan a key customer, this power play seemed potentially devastating.²⁵

Yet instead of buckling, Tokyo approved a \$1bn budget to fund mitigation and diversification efforts for affected companies. Measures to reduce rare earth materials usage, develop new supply chains, and locate replacement materials led to a 50% reduction in rare earths use within six months.²⁶ Japan also partnered with the U.S. and EU to bring a case against China to WTO over unfair “export duties, export quotas, and limitations on the enterprises permitted to export the products.” The challengers ultimately won the case in 2014, when the WTO ruled China’s

restrictions inconsistent with its Accession Protocol and GATT Art. XI.²⁷ While Japan ultimately released Qixiong weeks after his arrest, citing considerations about the “diplomatic impact” of the case on bilateral relations, Foreign Minister Seiji Maehara asserted that territorial disputes over the islands were far from shelved.²⁸

4. Japan purchases three of the contested Senkaku/Diaoyu islands

As augured, feuds flared again in 2012 when Japan announced plans to purchase three of the disputed Senkaku/Diaoyu islands from a private owner. Beijing’s attempt to ward Tokyo off included sending two patrol ships to reassert its territorial claims, with the Ministry of Defense warning that China was “unwavering” and would “reserve the power to adopt corresponding measures.”²⁹ Despite the onslaught of dissent, Japan purchased the islands and attempted to soothe tensions by sending its Asia department chief to Beijing for diplomatic talks to “avoid misunderstanding.”³⁰

But to the Chinese Ministry of Foreign Affairs, there was little to misunderstand; to them, Japan had plainly “stole[n] the islands from China.”³¹ Beijing responded in kind, stripping Japan of a prized commodity: Chinese consumers. Popular boycotts fomented by state press targeted Japanese companies, whose profits soon nosedived in Chinese markets.³² Toyota sales in

²¹ Ito, Masami. “Trawler’s Collisions, JCG Arrest of Skipper near Senkakus Protested.” *The Japan Times*, September 9, 2010. <https://www.japantimes.co.jp/news/2010/09/09/national/tractors-collisions-jcg-arrest-of-skipper-near-senkakus-protested/>.

²² *Ibid.*

²³ Harrell, Peter, Elizabeth Rosenberg, and Edoardo Saravalle. “China’s Use of Coercive Economic Measures,” June 2018. https://s3.amazonaws.com/files.cnas.org/documents/China_Use_FINAL-1.pdf; Fackler, Martin, and Ian Johnson. “Japan Retreats With Release of Chinese Boat Captain.” *The New York Times*, September 24, 2010. <https://www.nytimes.com/2010/09/25/world/asia/25chinajapan.html>.

²⁴ Bradsher, Keith. “Amid Tension, China Blocks Vital Exports to Japan.” *The New York Times*, September 23, 2010. <https://www.nytimes.com/2010/09/23/business/global/23rare.html>.

²⁵ Green, Michael, and Kathleen Hicks. “Counter-Coercion Series: Senkaku Islands Trawler Collision.” *Asia Maritime Transparency Initiative*, May 18, 2017. <https://amti.csis.org/counter-co-rawler-collision/>.

²⁶ Harrell, Peter, Elizabeth Rosenberg, and Edoardo Saravalle. “China’s Use of Coercive Economic Measures,” June 2018. https://s3.amazonaws.com/files.cnas.org/documents/China_Use_FINAL-1.pdf.

²⁷ World Trade Organization. “WTO Dispute Settlement: One-Page Case Summaries: CHINA – RARE EARTHS.” Accessed June 25, 2020. https://www.wto.org/english/tratop_e/dispu_e/cases_e/1pagesum_e/ds431sum_e.pdf.

²⁸ Drifte, Reinhard. “The Japan–China Confrontation Over the Senkaku/Diaoyu Islands – Between ‘Shelving’ and ‘Dispute Escalation’.” *The Asia-Pacific Journal*, 3, 12, no. 30 (July 27, 2014). <https://apjif.org/-Reinhard-Drifte/4154/article.pdf>.

²⁹ Takenaka, Kiyoshi. “Japan Buys Disputed Islands, China Sends Patrol Ships.” *Reuters*. Thomson Reuters, September 11, 2012. <https://www.reuters.com/article/us-japan-china/japan-buys-disputed-islands-china-sends-patrol-ships-idUSBRE88AoGY20120911>.

³⁰ *Ibid.*

³¹ Perlez, Jane. “China Accuses Japan of Stealing After Purchase of Group of Disputed Islands.” *The New York Times*, September 11, 2012. <https://www.nytimes.com/2012/09/12/world/asia/china-accuses-japan-of-stealing-disputed-islands.html>.

³² Harrell, Peter, Elizabeth Rosenberg, and Edoardo Saravalle. “China’s Use of Coercive Economic Measures,” June 2018. https://s3.amazonaws.com/files.cnas.org/documents/China_Use_FINAL-1.pdf.

China plunged nearly 50%, Honda sales fell 40.5%, and Nissan's slid 35%.³³ Beyond Japanese automakers, companies like Panasonic also suffered around \$120m in property damage from protests.³⁴ According to JP Morgan, the cumulative repercussions of the Senkaku/Diaoyu spat cost Japan 0.8 percentage points of GDP growth.³⁵ Bilateral trade declined 3.9% in 2012 at losses of \$329bn.³⁶

Though Chinese authorities denied direct involvement in the boycotts, state media actively instigated these unofficial sanctions. *Xinhua News*, the official state-run press agency and direct mouthpiece of the Communist Party of China, lauded Beijing for its "series of countermeasures in the economic ... field"; the *Renmin Ribao*, the Communist Party's official newspaper, related "economic punishments" to a "gun" whose "trigger" Japan had pulled with its island purchase, and; Vice Minister of Commerce Jiang Zengwei warned that Japan's acts would inevitably harm Sino-Japanese economic ties.³⁷ Japanese reports also cited stricter inspections of imports to and from Japan, delays in obtaining work visas for Japanese employees in China, and regulatory hold-ups for China-based merger and acquisitions deals—though Beijing denied all such allegations.³⁸

5. UK Prime Minister David Cameron meets with the Dalai Lama

In May 2012, the Dalai Lama met with UK Prime Minister David Cameron and Deputy Prime Minister Nick Clegg when he traveled to England

to receive the prestigious Templeton Prize for his work exploring human spirituality. While there, the Dalai Lama spoke to the press about China's "moral crisis" and rampant corruption.³⁸ A barrage of remonstrations from Beijing followed suit, with the foreign ministry saying the meeting between UK officials and the spiritual leaders had "seriously interfered with China's internal affairs" and urging Britain to "correct the error."³⁹ Vice Foreign Minister Song Tao also summoned Britain ambassador Sebastian Wood to discuss the "serious consequences" of British leaders meeting the Dalai Lama.⁴⁰

Though Cameron's official spokesperson initially defended the decision to meet as historical precedent, China nevertheless lashed out. Infuriated by the perceived insult, China canceled senior leader Wu Bangguo's trip to the UK, suspended all ministerial contact for over a year, and snubbed Cameron, forcing the PM to cancel a planned trip to Beijing.⁴¹ When Cameron led a delegation to Beijing the next year, he distanced Britain from the Dalai Lama in favor of mending rifts with China. Expressing desire to cultivate a "strong and positive" relationship with China, the prime minister stated, "We recognize Tibet as part of China ... do not support Tibetan independence, and we respect China's sovereignty."⁴² Moreover, British officials affirmed the country has "turned a page" on the Dalai Lama and that the PM will not meet with him again in the future.⁴³ Another British visit announced the launch of a 24-hour "super priority" service to fast-track visas for Chinese business leaders traveling to Britain, as

³³ Press, Associated. "Japanese Car Sales Plunge in China after Islands Dispute." *The Guardian*. Guardian News and Media, October 9, 2012. <https://www.theguardian.com/business/2012/oct/09/japanese-car-sales-china-islands-dispute>.

³⁴ Harrell, Peter, Elizabeth Rosenberg, and Edoardo Saravalle. "China's Use of Coercive Economic Measures," June 2018. https://s3.amazonaws.com/files.cnas.org/documents/China_Use_FINAL-1.pdf.

³⁵ Press, Associated. "Japanese Car Sales Plunge in China after Islands Dispute." *The Guardian*. Guardian News and Media, October 9, 2012. <https://www.theguardian.com/business/2012/oct/09/japanese-car-sales-china-islands-dispute>.

³⁶ Drifte, Reinhard, y "THE SENKAKU/DIAOYU ISLANDS TERRITORIAL DISPUTE BETWEEN JAPAN AND CHINA: BETWEEN THE MATERIALIZATION OF THE "CHINA THREAT" AND JAPAN "REVERSING THE OUTCOME OF WORLD WAR II"?" *Revista UNISCI*, no. 32 (2013):9-62. Redalyc, <https://www.r>

³⁷ Ibid.

³⁸ Ibid.

³⁹ Osborn, Andrew. "Britain's Cameron 'Turns Page' on Dalai Lama Row with China Visit." *Reuters*. Thomson Reuters, November 30, 2013. <https://www.reuters.com/article/us-britain-china-cameron/britains-cameron-turns-page-on-dalai-lama-row-with-china-visit-idUSB>

⁴⁰ "David Cameron's Dalai Lama Meeting Sparks Chinese Protest." *BBC News*. BBC, May 16, 2012. <https://www.bbc.com/news/uk-politics-18084223>.

⁴¹ "China's THAAD Strategy." *Next News Network*, March 17, 2017. <http://www.theasian.asia/archives/98601>; Watt, Nicholas. "David Cameron to Distance Britain from Dalai Lama during China Visit." *The Guardian*. Guardian News and Media, November 30, 2013. <https://www.theguardian.com/politics/2013/nov/30/david-cameron-distance-britain-dalai-lama-china-visit>.

⁴² "China and Tibet: Cameron Says UK Policy Has Not Changed." *BBC News*. BBC, May 8, 2013. <https://www.bbc.com/news/uk-politics-22457242>.

⁴³ Watt, Nicholas. "David Cameron to Distance Britain from Dalai Lama during China Visit." *The Guardian*. Guardian News and Media, November 30, 2013. <https://www.theguardian.com/politics/2013/nov/30/david-cameron-distance-britain-dalai-lama-china-visit>.

well as processes to streamline applications for Chinese travel agents.⁴⁴

These concessions appear to have ameliorated Beijing's veiled threats of retaliation, with Chinese state-run newspaper the *Global Times* warning that "If Britain and China starting to compete, can Britain be the winner?"⁴⁵ However, some view the UK's appeasement as overly deferential. Despite China's ambassador to the UK warning against lectures about human rights if they wanted strong economic ties, China-UK trade increased 11% during the Dalai Lama spat, and Beijing still sought cooperation at non-ministerial levels.⁴⁶ Spectators and opposition members critiqued Britain as kowtowing to China in the absence of economic losses and overt Chinese sanctions.⁴⁷

6. Philippines maritime disputes in the South China Sea

When a Philippines warship attempted to arrest Chinese fishermen allegedly taking poached sharks, clams, and rare corals from the disputed Scarborough Shoal—a territory claimed by the Philippines, China, and Taiwan—it found itself in a maritime standoff with Chinese surveillance vessels.⁴⁸ Philippines foreign secretary Albert Del Rosario summoned Chinese ambassador Ma Keqing for diplomatic talks. In a move that likely escalated tensions, Del Rosario also stated that the shoal was an "integral part of Philippine territory" and that Filipino authorities would assert their

sovereignty.⁴⁹ Meanwhile, Chinese Vice Foreign Minister Fu Ying demanded the Philippines withdraw all vessels surrounding the area and repent for "severely damaging the atmosphere of the bilateral relations between China and the Philippines."⁵⁰

Weaponized interdependence soon proved to be Beijing's lever of choice. A month after the stand-off, the Chinese General Administration of Quality Supervision impounded 1200 fruit containers from the Philippines over "quarantine concerns."⁵¹ With 70% of Philippine bananas exported to China, the banana ban foreshadowed severe economic ripples.⁵² Additionally, 43 companies were informed their exports wouldn't be accepted, even though Philippine banana growers haven't encountered similar problems in typically more strictly regulated markets like Japan's. Tougher sanitary restrictions and reduced banana and papaya imports from China ultimately resulted in approximately \$33.6bn in losses for Philippine fruit exporters.⁵³ Tourism from China also faltered in the wake of the stand-off. The China International Travel Service canceled all flights to the Philippines on "safety grounds," de facto blocking Chinese tour groups from visiting the Philippines.⁵⁴

Facilitated by a U.S.-brokered deal, the high seas heat dissipated when the Philippines withdrew its vessels under the pretext of an incoming typhoon, and Chinese ships soon

⁴⁴ Ren, Yuan. "Is Britain Kowtowing to China?" *The Atlantic*. Atlantic Media Company, November 14, 2013. <https://www.theatlantic.com/china/archive/2013/11/is-britain-kowtowing-to-china/281479/>.

⁴⁵ Phillips, Tom. "Chinese State Media Threatens Britain with 'Severe Punishment'." *The Telegraph*. Telegraph Media Group, February 20, 2013. <https://www.telegraph.co.uk/news/worldnews/asia/china/9882278/Chinese-state-media-threatens-Britain-with-severe-punis>

⁴⁶ Branigan, Tania. "China Crisis: West Riven by Age-Old Question - to Appease or Oppose?" *The Guardian*. Guardian News and Media, March 19, 2015. <https://www.theguardian.com/world/2015/mar/19/china-bind-is-the-uk-accommodating-or-ceding-too-much-to-superpower>; Osborn, Andrew. "On Eve of Visit, China Warns UK Not to Lecture It on Human Rights." *Reuters*. Thomson Reuters, June 13, 2014. <https://www.reuters.com/article/us-china-britain/on-eve-of-visit-china-warns-uk-not-to-lecture-it-on-human-rights-idUSKBN0EO1W820>

⁴⁷ Ren, Yuan. "Is Britain Kowtowing to China?" *The Atlantic*. Atlantic Media Company, November 14, 2013. <https://www.theatlantic.com/china/archive/2013/11/is-britain-kowtowing-to-china/281479/>.

⁴⁸ Perlez, Jane. "Philippines and China Ease Tensions in Rift at Sea." *The New York Times*. The New York Times, June 18, 2012. <https://www.nytimes.com/2012/06/19/world/asia/beijing-and-manila-ease-tensions-in-south-china-sea.html>.

⁴⁹ Manila, Associated Press in. "Philippine Warship in Standoff with China Vessels." *The Guardian*. Guardian News and Media, April 11, 2012. <https://www.theguardian.com/world/2012/apr/11/philippines-china-stand-off-south-china-sea>.

⁵⁰ De Castro, Renato. "The Philippines Confronts China in the South China Sea: Power Politics vs. Liberalism-Legalism." *Asian Perspective* 39, no. 1 (January 2015): 71–100. <https://doi.org/https://doi.org/10.1353/apr.2015.0010>.

⁵¹ *Ibid.*

⁵² *Ibid.*

⁵³ Cuneta, Josephine, and James Hookway. "China Dispute Threatens Philippine Industries." *The Wall Street Journal*. Dow Jones & Company, May 16, 2012. <https://www.wsj.com/articles/SB10001424052702303879604577407730408858666>.

⁵⁴ De Castro, Renato. "The Philippines Confronts China in the South China Sea: Power Politics vs. Liberalism-Legalism." *Asian Perspective* 39, no. 1 (January 2015): 71–100. <https://doi.org/https://doi.org/10.1353/apr.2015.0010>.

followed suit.⁵⁵ However, the Philippines brought complaints against China to the Permanent Court of Arbitration in Hague surrounding “maritime entitlements in the South China Sea ... and the lawfulness of certain actions by China in the South China Sea that the Philippines alleged to be in violation of the Convention.”⁵⁶ In a landmark case, the tribunal rejected China’s claims to historic rights over the South China Sea and said China violated international law by causing “irreparable harm” by endangering Philippine ships and interfering with fishing and oil exploration.⁵⁷ However, the 2016 ruling was only a victory on paper. President Xi Jinping reasserted China’s historical claims to sovereignty in the South China Sea, and the Foreign Ministry called the tribunal’s decree “invalid” with “no binding force.”⁵⁸ Ultimately, international law faltered in the face of Beijing’s defiance, and it took the Duterte regime’s conciliatory policies toward Beijing to lighten fruit and tourism sanctions.⁵⁹

7. The Dalai Lama pays a religious visit to Mongolia

The Dalai Lama’s 2016 religious visit to Mongolia may have instigated spiritual fervor in local Buddhists, but it bore ill omens for the country’s economic future. Preceding the controversial trip, China’s Ministry of Foreign warned Mongolia that allowing the Dalai Lama to visit could jeopardize the “sound and steady” development of bilateral ties.⁶⁰ At the time, Mongolian leaders faced a deep economic

recession; in the face of falling commodity prices, Mongolia had begun to run out of hard currency to repay foreign debts and sought a \$4.2bn loan from Beijing.⁶¹ Even so, Mongolia permitted the spiritual leader—who China views as an agitator engaged in “separatist activities”—to preach to thousands of followers at the Gandantegchinlen monastery in Ulan Bator.⁶²

Following through on its threats, Beijing promptly canceled meetings with senior Mongolian officials. A week later, China levied new fees on commodity imports from Mongolia, charging additional transit costs on goods passing through the Gashuun Sukhait border crossing—a critical checkpoint for Mongolian imports.⁶³ Under new, unexplained regulations by local authorities, vehicles were charged a \$1.45 transit fee each time they passed through the border and required to pay an additional \$1.13 for every ton of goods they carried. Precious metals and copper concentrate worth more than 10,000 yuan per ton would also incur fees amounting to 0.2% of the total cargo value.⁶⁴ With China accounting for 90% of Mongolian exports and 133,000 tons of copper concentrate delivered into China each month via the Gashuun Sukhait crossing, these sanctions hit the Mongolian economy hard.⁶⁵

A month after the contentious visit, Mongolian Foreign Minister Tsend Munkh-Orgil announced that under the current government, “the Dalai Lama will not be invited to Mongolia,”

⁵⁵ Ibid.

⁵⁶ “The South China Sea Arbitration (The Republic of Philippines v. The People’s Republic of China).” Cour Permanente D’Arbitrage | Permanent of Court Arbitration, 2016. <https://pca-cpa.org/en/cases/7/>.

⁵⁷ Perlez, Jane. “Tribunal Rejects Beijing’s Claims in South China Sea.” The New York Times. The New York Times, July 12, 2016. <https://www.nytimes.com/2016/07/13/world/asia/south-china-sea-hague-ruling-philippines.html>.

⁵⁸ Ibid.

⁵⁹ Cuneta, Josephine, and James Hookway. “China Dispute Threatens Philippine Industries.” The Wall Street Journal. Dow Jones & Company, May 16, 2012. <https://www.wsj.com/articles/SB10001424052702303879604577407730408858666>.

⁶⁰ The Associated Press. “Dalai Lama’s Visit to Mongolia Could Fray Its Ties to China.” The New York Times. The New York Times, November 19, 2016. https://www.nytimes.com/2016/11/20/world/asia/mongolia-dalai-lama-china.html?_r=0.

⁶¹ Ibid.

⁶² “Dalai Lama a Political Exile, Engaged in Separatist Activities: China.” Hindustan Times, November 20, 2018. <https://www.hindustantimes.com/world-news/dalai-lama-a-political-exile-engaged-in-separatist-activities-china/story-EHWnzYS5nauR7R8bynYhGP.html>. The Associated Press. “Dalai Lama’s Visit to Mongolia Could Fray Its Ties to China.” The New York Times. The New York Times, November 19, 2016. https://www.nytimes.com/2016/11/20/world/asia/mongolia-dalai-lama-china.html?_r=0.

⁶³ “China Slaps New Fees on Mongolian Exporters amid Dalai Lama Row.” Reuters. Thomson Reuters, December 1, 2016. <https://www.reuters.com/article/us-china-mongolia/china-slaps-new-fees-on-mongolian-exporters-amid-dalai-lama-row-idUSKBN13Q3I7>.

⁶⁴ Ibid.

⁶⁵ Ibid.; The Associated Press. “Dalai Lama’s Visit to Mongolia Could Fray Its Ties to China.” The New York Times. The New York Times, November 19, 2016. https://www.nytimes.com/2016/11/20/world/asia/mongolia-dalai-lama-china.html?_r=0.

even for purely “religious reasons.”⁶⁶ Despite Mongolia’s deep ties to the Dalai Lama and Tibetan Buddhism, the Mongolian minister expressed support for the “One China” policy, saying “Tibet is an inseparable part of China” and “the Tibet issue is China’s internal affair.”⁶⁷ Weaponizing their economic interdependence, Beijing ultimately induced its neighbor to bow under pressure, sending a “lesson” that “we hope Mongolia has taken to heart,” according to a statement by the Chinese Foreign Ministry.⁶⁸

8. Tsai Ing-wen wins Taiwan presidential elections

Beijing has long viewed Taiwan as an integrant territory, subject to the jurisdiction of the mainland.⁶⁹ As the 2016 Taiwan presidential race unfolded with Tsai Ing-wen appearing the likely winner, Beijing’s proprietorial hackles rose at the prospect of a pro-independence candidate winning office. In a futile attempt to sway voters against pro-independent candidates, China signed a \$4.57m deal to buy milkfish from Taiwan’s Search Results Web results Syuejia District and sent Chinese State Councilman and Deputy Chairman of Taiwan Affairs Zheng Lizhong gather intelligence from Taiwan’s milkfish farmer constituency, which is based in traditionally pro-democratic regions.⁷⁰ Reports from students and college recruiters also suggest that China may have pressured Taiwanese universities to issue pro-Beijing statements in order to preserve high

enrollment rates from mainland students, as enrollment numbers fell for the first time in years.⁷¹ However, these claims are difficult to corroborate, as the Chinese government did not issue official decrees.

Tsai ultimately won the presidential seat in a landslide, securing 56% of the vote to her opponents 31%.⁷² Beijing bristled at the victory for Taiwan’s Democratic Progressive Party, which supports formal independence for Taiwan; the head of China’s Taiwan Affairs Office, Zhang Zhijun, said that “complicated changes are arising in the Taiwan situation” and warned “compatriots on both sides to be alert for and oppose Taiwan independence.”⁷³

However, China’s actual response was relatively muted and unofficially sanctioned. Group tourism from China fell 30% in the months after Taiwan elected its Madam President.⁷⁴ While the China National Tourism Administration declined to make official comments, numerous tourist agents told Reuters that they received orders from the Administration to “cut the number of tourists we send to Taiwan.”⁷⁵ By advertising receptivity to Muslim tourists and lowering visa requirements for Southeast Asian countries such as Brunei and Thailand, Taiwan was largely able to offset the economic losses incurred by the hit to tourism.⁷⁶

China and Taiwan’s longstanding political impasse hardly ended there. Ongoing economic power plays include China’s 2019 ban on

⁶⁶ “Why the Dalai Lama Is No Longer Welcome in Mongolia.” The Christian Science Monitor. The Christian Science Monitor, December 22, 2016. <https://www.csmonitor.com/World/2016/1222/Why-the-Dalai-Lama-is-no-longer-welcome-in-Mongolia>.

⁶⁷ “China Says Hopes Mongolia Learned Lesson after Dalai Lama Visit.” Reuters. Thomson Reuters, January 24, 2017. <https://in.reuters.com/article/us-china-mongolia-dalailama-idINKBN158197>.

⁶⁸ Ibid.

⁶⁹ Wang, T.Y. “Will Beijing Be Gobsmailed by Taiwan’s Election Results on Saturday?” The Washington Post. WP Company, January 15, 2016. <https://www.washingtonpost.com/news/monkey-cage/wp/2016/01/15/will-beijing-be-gobsmailed-by-taiwans-election-results-on-sa>

⁷⁰ Yu, Du. “Chinese Delegation Comes Fishing.” Taipei Times, February 24, 2012. <https://www.taipeitimes.com/News/editorials/archives/2012/02/25/2003526307>.

⁷¹ Jennings, Ralph. “For Mainland Chinese Students, Taiwan’s Universities Are ‘like Paradise.’ But There’s a Catch.” Los Angeles Times. Los Angeles Times, March 26, 2017. <https://www.latimes.com/world/asia/la-fg-taiwan-china-students-2017-story.html>.; Jennings, Ralph. “Taiwan Seeing Decline in University Students from China.” Voice of America, February 17, 2017. <https://www.voanews.com/east-asia-pacific/taiwan-seeing-decline-university-students-china>.

⁷² Ramzy, Austin. “Tsai Ing-Wen Elected President of Taiwan, First Woman to Hold Office.” The New York Times. The New York Times, January 16, 2016. <https://www.nytimes.com/2016/01/17/world/asia/taiwan-elections.html>.

⁷³ Ibid.

⁷⁴ Jennings, Ralph. “For Mainland Chinese Students, Taiwan’s Universities Are ‘like Paradise.’ But There’s a Catch.” Los Angeles Times. Los Angeles Times, March 26, 2017. <https://www.latimes.com/world/asia/la-fg-taiwan-china-students-2017-story.html>.;

⁷⁵ Blanchard, Ben. “China, Taiwan Add Tourists to Their Squabbles.” Reuters. Thomson Reuters, May 12, 2016. <https://www.reuters.com/article/us-taiwan-china-tourism/china-taiwan-add-tourists-to-their-squabbles-idUSKCN0Y305W>.

⁷⁶ Harrell, Peter, Elizabeth Rosenberg, and Edoardo Saravalle. “China’s Use of Coercive Economic Measures,” June 2018. https://s3.amazonaws.com/files.cnas.org/documents/China_Use_FINAL-1.pdf.

individual travel permits to Taiwan.⁷⁷ According to a statement by the Chinese Ministry of Culture and Tourism, Chinese nationals from the 47 impacted cities can only travel to Taiwan as part of tour groups.⁷⁸ Blaming Tsai's Democratic Progressive Party for "continually pushing activities to promote Taiwan's independence and inciting hostility toward the mainland," spokesman Ma Xiaoguang of China's Taiwan Affairs Office spokesman called the tourism ban a consequence of actions that are "seriously undermining the conditions for mainland travelers to visit the island."⁷⁹ Though Taiwan may have bounced back from its 2016 tourism setbacks, reaching an all-time high of 10.7 million visitors via diversification efforts, it appears Chinese pressure is unlikely to abide anytime soon.⁸⁰

9. U.S. deploys THAAD missile defense system in South Korea

Fears of nuclear proliferation jetted back into political discourse in early 2016, when North Korea conducted a nuclear test and rocket launch in close succession. Instead of boosting national clout, Pyongyang's belligerence injected rocket fuel into U.S.-South negotiations over the deployment of the Terminal High Altitude Area Defense System on the Korean Peninsula.⁸¹ News of THAAD negotiations incited a fracas in Beijing, with Chinese ambassador Qiu Guohong warning that deployment of a U.S. missile defense system could "destroy [bilateral ties with China] in an

instant" and "create a vicious cycle of Cold War-style confrontations and an arms race."⁸² China's outcry may have given foreign leaders pause, as Washington and Seoul postponed THAAD discussions and called off the signing ceremony mere hours in advance.⁸³

Political clamoring alone failed to stop THAAD deployment, and the U.S. and South Korea announced their official plans in July. Backlash from Beijing was swift and stern. China's National Tourism Administration issued travel warnings about South Korea, and Beijing imposed an "informal" ban on the sale of ROK group tours by instructing CNTA agents to cancel South Korea group tours or face fines and license revocations.⁸⁴ Reductions in Chinese tourism resulted in \$15.6bn of lost revenue across the South Korean Economy.⁸⁵ Chinese regulators cracked down on businesses owned by Korean conglomerate Lotte Group, which signed a land swap deal to provide the space to house THAAD batteries.⁸⁶ Citing "fire code violations," regulators shuttered Korean-owned businesses in China, including 80% of Lotte-owned supermarkets, resulting in total revenue losses of \$1.78bn for the firm.⁸⁷ Chinese state media fomented unofficial boycotts, with the *Global Times* and *People's Daily* calling citizens to "adopt sanctions against South Korea" so they would "face [a] bitter pill over THAAD."⁸⁸ Within

⁷⁷ "Taiwan Rebukes China for Tourism Ban amid Rising Tension." Reuters. Thomson Reuters, August 1, 2019.

<https://www.reuters.com/article/us-china-taiwan-tourism/taiwan-rebukes-china-for-tourism-ban-amid-rising-tension-idUSKCN1UR3DG>.

⁷⁸ Bloomberg. "China Freezes Individual Tourist Permits to Taiwan." Time. Time, July 31, 2019. <https://time.com/5639832/china-bans-travel-taiwan-tourists/>.

⁷⁹ "Taiwan Rebukes China for Tourism Ban amid Rising Tension." Reuters. Thomson Reuters, August 1, 2019.

<https://www.reuters.com/article/us-china-taiwan-tourism/taiwan-rebukes-china-for-tourism-ban-amid-rising-tension-idUSKCN1UR3DG>.

⁸⁰ Horton, Chris. "China's Attempt to Punish Taiwan by Throttling Tourism Has Seriously Backfired." Quartz. Quartz, February 17, 2017.

<https://qz.com/907429/chinas-attempt-to-punish-taiwan-by-throttling-tourism-has-seriously-backfired/>.

⁸¹ Tiezzi, Shannon. "China Warns THAAD Deployment Could Destroy South Korea Ties 'in an Instant'." The Diplomat, February 25, 2016.

<https://thediplomat.com/2016/02/china-warns-thaad-deployment-could-destroy-south-korea-ties-in-an-instant/>.

⁸² Ibid.

⁸³ Ji-hye, Jun. "Korea, US Postpone THAAD Talks." Korea Times, February 23, 2016.

http://www.koreatimes.co.kr/www/news/nation/2016/02/116_198776.html.

⁸⁴ Lim, Darren J. "Chinese Economic Coercion during the THAAD Dispute." The ASAN Forum, December 28, 2019.

<http://www.theasanforum.org/chinese-economic-coercion-during-the-thaad-dispute/>.

⁸⁵ Ibid.

⁸⁶ Ibid.

⁸⁷ Feigenbaum, Evan. "Is Coercion the New Normal in China's Economic Statecraft?" MacroPolo, April 11, 2019.

<https://macropolo.org/analysis/is-coercion-the-new-normal-in-chinas-economic-statecraft/>; Hermesauto. "South Korea's Lotte Seeks to Exit China after Investing \$9.6 Billion, as Thaad Fallout Ensues." The Straits Times, March 13, 2019.

<https://www.straitstimes.com/asia/east-asia/south-koreas-lotte-seeks-to-exit-china-after-investing-96-billion>.

⁸⁸ Ide, Bill. "Chinese Media Call for Boycott of South Korean Goods." Voice of America, March 2, 2017. <https://www.voanews.com/east-asia-pacific/chinese-media-call-boycott-south-korean-goods>.

a year, Hyundai and Kia's China sales fell more than 30% due to popular boycotts.⁸⁹

Beijing's economic wrath spurred Seoul to pass the "three noes" resolution in October—no additional THAAD batteries, no participation in any U.S. regional missile defense system, and no trilateral alliance with the U.S. and Japan.⁹⁰ A day later, Seoul and Beijing agreed to restore relations, with the Chinese foreign ministry declaring that "both [countries] view that strengthening exchanges and cooperation ... serves common interests and agreed to expeditiously bring exchanges in all areas back on a normal track."⁹¹ While Beijing officials relied heavily on the veneer of plausible deniability, back-channel economic sanctions eventually proved too bitter a pill for South Korea to swallow.

10. North Korean stirs global commotion with nuclear tests

Accounting for 90% of North Korea's trade, China has weaponized its economic leverage in response to North Korea's various nuclear flare-ups over the last two decades.⁹² Since 2006, when Beijing officials decried Pyongyang's first nuclear test as a "flagrant and brazen" violation of international security that it "firmly opposes," Chinese rhetoric has softened even as its sanctions grow sterner.⁹³ In 2006, 2009, and 2013, Beijing's only tangible punishments occurred via UN

Security Council Resolutions 1718, 1874, and 2087, which banned travel and froze assets of top North Korean diplomats and military-related firms and choked off sales of arms, aerospace, and military products.⁹⁴ When North Korea launched a rocket in 2013, Chinese foreign ministry spokesman Hong Lei offered subdued admonishment, saying Beijing "would like to actively encourage the relevant country to develop [the] economy and improve people's living conditions."⁹⁵

After Pyongyang's latest nuclear test in 2017, China's state-run *Global Times* announced that "when their actions jeopardize China's interests, China will respond with a firm hand" and said China would "stay neutral" if North Korea "launches missiles that threaten U.S. soil first and the U.S. retaliates."⁹⁶ Aiding UN-led efforts to halt the ballistic program, Beijing soon held North Korea's oil supply in a vise grip. The Chinese Ministry of Commerce announced it would restrict refined petroleum products to North Korea to 2 million barrels per year, ban exports of condensates and liquified natural gas, and prohibit imports of North Korean textiles.⁹⁷ Petrol prices in Pyongyang allegedly increased by 20% in the surrounding months, according to North Korean petrol stakeholders.⁹⁸ China's central banks were also instructed to stop providing financial services to new North Korean customers and phase out loans with existing ones.⁹⁹ Finally, Beijing suspended all coal imports from North

⁸⁹ Lim, Darren J. "Chinese Economic Coercion during the THAAD Dispute." The ASAN Forum, December 28, 2019. <http://www.theasanforum.org/chinese-economic-coercion-during-the-thaad-dispute/>.

⁹⁰ Lim, Darren J. "Chinese Economic Coercion during the THAAD Dispute." The ASAN Forum, December 28, 2019. <http://www.theasanforum.org/chinese-economic-coercion-during-the-thaad-dispute/>.

⁹¹ "(LEAD) S. Korea, China Agree to Bring Exchange, Cooperation Back on 'Normal' Track." Yonhap News Agency. Yonhap News Agency, October 31, 2017. <https://en.yna.co.kr/view/AEN20171031004251315>.

⁹² Keng Kuek Ser, Kuang. "North Korea's Trade with China Has Grown Tenfold in 15 Years - Which Gives China More Leverage than Ever." The World from PRX, February 15, 2017. <https://www.pri.org/stories/2017-02-15/north-koreas-trade-china-has-grown-tenfold-15-y>

⁹³ Sanger, David E. "North Koreans Say They Tested Nuclear Device." The New York Times. The New York Times, October 9, 2006. <https://www.nytimes.com/2006/10/09/world/asia/09korea.html>.

⁹⁴ United Nations Security Council. "Resolution 1718 (2006)." S/RES/1718%20(2006) - E - S/RES/1718%20(2006), October 14, 2006. [https://www.undocs.org/S/RES/1718\(2006\)](https://www.undocs.org/S/RES/1718(2006)); United Nations Security Council. Resolution 1874 (2009) . United Nations, June 12, 2009. [https://www.undocs.org/S/RES/1874\(2009\)](https://www.undocs.org/S/RES/1874(2009)); United Nations Security Council. "Resolution 2087 (2013) ." United Nations. United Nations, January 22, 2013. https://www.un.org/ga/search/view_doc.asp?symbol=S%2FRES%2F2087%282013%29.

⁹⁵ Branigan, Tania. "China's Patience with North Korea Wears Thin after Latest Nuclear Test." The Guardian. Guardian News and Media, February 12, 2013. <https://www.theguardian.com/world/2013/feb/12/china-north-korea-nuclear-test>.

⁹⁶ Denyer, Simon, and Amanda Erickson. "Beijing Warns Pyongyang: You're on Your Own If You Go after the United States." The Washington Post. WP Company, August 11, 2017. <https://www.washingtonpost.com/world/china-warns-north-korea-youre-on-your-own-if-you-go>

⁹⁷ "China Moves to Implement UN Sanctions with Limits on Some Refined Oil Exports to North Korea." CNBC. CNBC, September 23, 2017. <https://www.cnbc.com/2017/09/23/china-ban-refined-oil-exports-to-north-korea-as-part-of-un-sanctions.html>.

⁹⁸ Keating, Fiona. "China Just Cut off Most of North Korea's Oil Supply." The Independent. Independent Digital News and Media, September 23, 2017. <https://www.independent.co.uk/news/world/asia/north-korea-china-oil-sanctions-nuclear-threat-missiles-textiles->

⁹⁹ "China's Central Bank Tells Banks to Stop Doing Business with North Korea: Sources." Reuters. Thomson Reuters, September 21, 2017. <https://www.reuters.com/article/us-northkorea-missiles-banks-china/chinas-central-bank-tells-banks-to-stop-doing-business-wi>

Korea for a year, with Chinese Minister of Foreign Affairs Wang Yi saying that UN sanctions “must continue to be strictly implemented.”¹⁰⁰

For the time being, this punishing round of sanctions has proved effective. Although Pyongyang called them an “act of war,” for all North Korea’s bluster, it has yet to conduct another public nuclear test.¹⁰¹ Should it act with belligerence in the future, it’s unclear how willing China will be to enact unilateral penalties. Its usual *modus operandi*—furtive, back-door economic coercion—rarely informs its approach to North Korean relations; instead, Beijing has traditionally engaged in multilateral UN sanctions while privately attempting to maintain ties with and influence over its geopolitical buffer of a neighbor.¹⁰²

11. Huawei executive arrested in Canada

A political dispute over Canada’s arrest of Huawei Chief Financial Officer Meng Wanzhou for extradition to the U.S. has slowed canola, meat, and lumber shipments through Chinese ports. In December 2018, Canadian authorities arrested Meng on fraud charges from the U.S. Justice Department, which alleges that Meng misled banks about Huawei’s relationship with its subsidiary Skycom and deceived them into violating U.S. sanctions against Iran.¹⁰³ Beijing was furious over the arrest of one of its most high-profile executives. Chinese Vice-Foreign Minister Le Yucheng summoned Canadian ambassador John McCallum in protest and urged Ottawa to

promptly free Meng or “be held accountable” and face “grave consequences.”¹⁰⁴

Nine days after its threats, Chinese authorities arrested Canadian businessman Michael Spavor and former diplomat Michael Kovrig under charges of espionage and escalated a drug-smuggling sentence against a third Canadian to death instead of the original 15 years in prison.¹⁰⁵ Amid the dispute, China suspended all meats imports from Canada for a year, with the Chinese Embassy in Ottawa stating the move is an “urgent preventive measure” following Chinese customs’ detection of a restricted feed additive, ractopamine, in Canadian pork.¹⁰⁶ Beijing also lashed out at Canadian canola imports, where shipments ran into unusual delays and heightened checks at Chinese customs, and GMO permits became harder to obtain.¹⁰⁷ While no official decrees link Beijing to the obstructions, canola stakeholders on both sides reported heightened restrictions, and the Canadian Grain Commission reported a 7% year-over-year decline in canola exports to China. Notably, Chinese customs data tells a different story, reporting 347,949 tons of imported Canadian canola—an increase in yearly sales.¹⁰⁸ Beijing also blacklisted imports from Richardson International and Viterra, two of Canada’s largest grain processors. China’s General Administration of Customs revoked canola-seed export licenses on the grounds of finding “harmful organisms” and pests in Canadian canola seed shipments. A new round of trade setbacks emerged weeks after the British Columbia Supreme Court ruled against Meng’s bid to end

¹⁰⁰ Sang-hun, Choe. “China Suspends All Coal Imports From North Korea.” *The New York Times*. The New York Times, February 18, 2017. <https://www.nytimes.com/2017/02/18/world/asia/north-korea-china-coal-imports-suspended.html>.

¹⁰¹ Goldman, Russell. “North Korea Calls U.N. Sanctions an ‘Act of War.’” *The New York Times*. The New York Times, December 24, 2017. <https://www.nytimes.com/2017/12/24/world/asia/north-korea-un-sanctions.html>.

¹⁰² Perlez, Jane. “U.S. Desire for North Korea Oil Cutoff Puts China in a Tight Spot.” *The New York Times*. The New York Times, September 5, 2017. <https://www.nytimes.com/2017/09/05/world/asia/north-korea-china-us-oil-fuel-exports.html>.

¹⁰³ Coletta, Amanda. “Extradition Hearing of Meng Wanzhou, Huawei Executive at the Center of U.S.-Canada-China Rift, to Open in Vancouver.” *The Washington Post*. WP Company, January 19, 2020. https://www.washingtonpost.com/world/the_americas/extradition-hearin

¹⁰⁴ Reuters. “China Threatens Canada with ‘Grave Consequences’ If Huawei CFO Not Freed.” *The Guardian*. Guardian News and Media, December 9, 2018. <https://www.theguardian.com/technology/2018/dec/09/china-threatens-canada-with-grave-consequences-if-huawei-cfo-n>

¹⁰⁵ Coletta, Amanda. “Extradition Hearing of Meng Wanzhou, Huawei Executive at the Center of U.S.-Canada-China Rift, to Open in Vancouver.” *The Washington Post*. WP Company, January 19, 2020. https://www.washingtonpost.com/world/the_americas/extradition-hearin; Bilefsky, Dan. “Fighting Extradition, Huawei Executive Writes of ‘Moments of Fear.’” *The New York Times*. The New York Times, December 2, 2019. <https://www.nytimes.com/2019/12/02/world/canada/meng-wanzhou-huawei-extradition.html>.

¹⁰⁶ Gillies, Rob. “China Suspends Canadian Meat Imports amid Huawei Dispute.” *AP News*. Associated Press, June 26, 2019. <https://apnews.com/47394471aded4eb38475c2f466e1688f>.

¹⁰⁷ Nickel, Rod. “Canadian Canola Runs into Chinese Delays after Huawei Arrest.” *Reuters*. Thomson Reuters, February 5, 2019. <https://www.reuters.com/article/us-canada-canola-china/canadian-canola-runs-into-chinese-delays-after-huawei-arrest-idUSKCN1PU23G>.

¹⁰⁸ *Ibid.*

extradition proceedings, this time for Canadian lumber.¹⁰⁹ Several weeks later, Canada received 16 notices of non-compliance for log shipments to China.¹¹⁰ According to Chinese foreign ministry spokesman Zhao Lijian, customs officials found longhorn and bark beetles in Canadian log shipments and are adhering to “quarantine laws and regulations ... to prevent the introduction of these pests.”¹¹¹ However, as with prior Chinese measures, it remains unclear whether these timely quarantine restrictions are mere coincidence or a concerted effort to put pressure on Canadian authorities.

Caught between its second-largest trading partner and its closest ally, respectively China and the U.S., Canada has weathered Beijing's tit-for-tat retribution. With the Chinese market accounting for 40% of Canada's canola exports, these sanctions are hitting the grain sector hard.¹¹² Likewise, China is British Columbia's second-largest export market for wood at \$383 million in value.¹¹³ However, Canadian authorities have abided by their commitments even as they bear the casualties of a major power contest. As Meng's extradition hearing commenced nearly a year after her contentious arrest, Foreign Affairs Minister Chrystia Freeland asserted that Canada is “a rule-of-law country and we honor our extradition treaty commitments. It is what we need to do and what we will do.”¹¹⁴

12. Prague-Beijing sister city conflict

A political maverick, member of the anti-establishment Pirate Party, and new mayor of Prague, Zdenek Hrib began his term by challenging the “One China” provision in a sister-city agreement with Beijing. In 2019, Hrib called for the removal of One China language from the sister-city agreement, saying it “should not include things that are not related to the cities' relationship.”¹¹⁵ Beijing was of a different mind and canceled the sister-city agreement before the Prague government could vote to strip it of anti-Taiwan language.¹¹⁶ Foreign Ministry spokesman Geng Shuang urged the Prague government to stop harming China-Czech relations lest they “eventually damage their own interests” and fuel “reasons[s] why related parties and individuals of Prague are not welcomed by Chinese people.”¹¹⁷

Beijing soon rescinded promises of increased trade, punished Prague businesses with interests in China, and canceled a planned China tour by the Prague Philharmonic Orchestra, resulting in a \$200,000 loss for the musical company in addition to millions of dollars lost from fraudulent China-Czech transactions when relations were healthy.¹¹⁸ Czech Prime Minister Andrej Babiš also warned that Prague being in a “state of war” with the world's most populous state could wreck Prague's tourism industry, which relies on spending from 650,000 Chinese tourists

¹⁰⁹ Proctor, Jason. “Huawei CFO Meng Wanzhou Loses Court Battle for Freedom as B.C. Judge Rules Extradition Bid to Proceed | CBC News.” CBCnews. CBC/Radio Canada, May 27, 2020. <https://www.cbc.ca/news/canada/british-columbia/meng-wanzhou-extradition-decision>.

¹¹⁰ VanderKlippe, Nathan, and Steven Chase. “China Says It Has Found Insects in Canadian Logs, Raising Fears That Beijing Is Targeting Another Key Export.” The Globe and Mail, June 17, 2020. <https://www.theglobeandmail.com/world/article-china-says-it-has-found-insects-in-canadian-logs-raising-fears-that/>.

¹¹¹ Ibid.

¹¹² Wong, Catherine. “China Denies Block on Canadian Canola Is Response to Meng Wanzhou Case.” South China Morning Post, March 7, 2019. <https://www.scmp.com/economy/china-economy/article/2188824/china-blocks-canadian-canola-exporter-tension-sabrina-meng>.

¹¹³ VanderKlippe, Nathan, and Steven Chase. “China Says It Has Found Insects in Canadian Logs, Raising Fears That Beijing Is Targeting Another Key Export.” The Globe and Mail, June 17, 2020. <https://www.theglobeandmail.com/world/article-china-says-it-has-found-insects-in-canadian-logs-raising-fears-that/>.

¹¹⁴ Associated Press. “Extradition Hearing Begins for Huawei Executive in Canada.” Los Angeles Times. Los Angeles Times, January 20, 2020. <https://www.latimes.com/business/story/2020-01-20/huawei-executive-extradition-hearing-canada>.

¹¹⁵ Schmitz, Rob. “Czech-Chinese Ties Strained As Prague Stands Up To Beijing.” NPR. NPR, October 30, 2019. Schmitz, Rob. “Czech-Chinese Ties Strained As Prague Stands Up To Beijing.” NPR. NPR, October 30, 2019. <https://www.npr.org/2019/10/30/774054035/czech-chinese-ties-are-affected-as-prague-stands-up-to-beijing..>

¹¹⁶ Santora, Marc. “The Broken Promise of a Panda: How Prague's Relations With Beijing Soured.” The New York Times. The New York Times, November 23, 2019. <https://www.nytimes.com/2019/11/23/world/europe/china-prague-taiwan.html>.

¹¹⁷ “Prague Gov't Urged to Stop Undermining China-Czech Ties.” Xinhua, July 16, 2019. http://www.xinhuanet.com/english/2019-07/17/c_138235005.htm.

¹¹⁸ Schmitz, Rob. “Czech-Chinese Ties Strained As Prague Stands Up To Beijing.” NPR. NPR, October 30, 2019.

<https://www.npr.org/2019/10/30/774054035/czech-chinese-ties-are-affected-as-prague-stands-up-to-beijing.>; Bosco, Joseph. “To Cope with China, Don't Follow the Money - Follow the Czechs.” The Hill. The Hill, November 1, 2019. <https://thehill.com/opinion/international/468233-to-cope-with-china-dont-follow-the-money-follow-the-czechs>.

each year.¹¹⁹ While these repercussions appear nominal, China's sister-city arrangements are an integral component of its signature infrastructure investment project, the Belt and Road Initiative. According to the Australian consulate-general in Chengdu, being paired with a Chinese city can "open doors for business" by making it easier to obtain local permits and kickstart investment projects.¹²⁰ Not long after Beijing cut ties, Shanghai also called off sister-city arrangements with Prague.¹²¹

Hrib's position remains firm even in the face of China's contempt and Czech President Miloš Zeman's staunch disapproval. Despite Zeman's statements that he has no sympathy for Prague politicians and fully respected the One China policy, Hrib moved forward with sister-city negotiations with Taipei, sealing the deal in January 2020 and sending a brazen message to Beijing and Czech officials alike.¹²²

13. EU nations tighten regulations on foreign telecommunication vendors

German politics closed out 2019 debating a bill to exclude "untrustworthy" firms from their 5G network, namely Chinese telecommunications giant Huawei.¹²³ That year, some of Germany's largest companies were targeted by a new wave of cyber-attacks which likely originated from the Chinese government, spiking fear among

governing coalition lawmakers of exposing German 5G networks to espionage and data theft.¹²⁴ Berlin's push to shut out Huawei may also be a response to the Trump administration's attempts to enlist U.S. allies in ostracizing Huawei as a global 5G provider.¹²⁵ Britain stopped short of an outright ban, and France excluded Huawei in favor of Nokia and Ericsson—only for China to threaten sanctions on European 5G rivals.¹²⁶ A statement released by Beijing's embassy in Paris warns that "China has always given Nokia and Ericsson fair treatment in ... 5G networks in China" but "do[es] not wish to see the development of European companies in the Chinese market" favored by French "discrimination ... with regard to Huawei."¹²⁷ Danish newspaper *Berlingske* also accused Chinese ambassador Feng Tie of being "very forceful" and threatening to cancel a trade deal with the Faroe Islands if it did not agree to use Huawei-supplied networks, though the Chinese foreign has rejected these claims as "completely false."¹²⁸

Berlin is the latest EU member-state to consider edging out Huawei to the vexation of Beijing officials. Chinese ambassador Wu Ken warned of "consequences," reminded audiences that of the "last year, 28 million cars sold in China, 7 million of those were German," and linked the health of Germany's car sector to Huawei's inclusion in German 5G networks, saying "Can we say that German cars are not safe because we're in

¹¹⁹ Willoughby, Ian. "Beijing Ends Agreement with Prague – but Can Spat Harm Czech Capital?" Radio Prague International, May 25, 2020. <https://english.radio.cz/beijing-ends-agreement-prague-can-spat-harm-czech-capital-8118537>.

¹²⁰ Timsit, Annabelle. "The Surprisingly Vital Role Sister Cities Play in Chinese Diplomacy." Quartz. Quartz, May 1, 2020. <https://qz.com/1846303/sister-cities-play-surprisingly-vital-role-in-eu-chinese-relations/>.

¹²¹ Simalcik, Matej, and Adam Kalivoda. "Sister-City Relations and Identity Politics: The Case of Prague, Beijing, Taipei, and Shanghai." The Diplomat, February 26, 2020. <https://thediplomat.com/2020/02/sister-city-relations-and-identity-politics-the-case-of-prague-beijing-taipei-and-shanghai/>.

¹²² Ibid.

¹²³ Czuczka, Tony, and Steven Arons. "Huawei 5G News: China Threatens Germany Over U.S.-Urged Ban." Bloomberg.com. Bloomberg, December 14, 2019. <https://www.bloomberg.com/news/articles/2019-12-14/china-threatens-germany-with-retaliation-if-huawei-5g-is-banned>.

¹²⁴ Alexander Düben, Björn. "Try as It Might, Germany Isn't Warming to Huawei." The Diplomat, January 13, 2020. <https://thediplomat.com/2020/01/try-as-it-might-germany-isnt-warming-to-huawei/>.

¹²⁵ Czuczka, Tony, and Steven Arons. "Huawei 5G News: China Threatens Germany Over U.S.-Urged Ban." Bloomberg.com. Bloomberg, December 14, 2019. <https://www.bloomberg.com/news/articles/2019-12-14/china-threatens-germany-with-retaliation-if-huawei-5g-is-banned>.

¹²⁶ Rinke, Andreas. "Merkel's Conservatives Stop Short of Huawei 5G Ban in Germany." Reuters. Thomson Reuters, February 11, 2020. Doffman, Zak. "China Just Issued Stark New Threats Over Huawei: This Time Nokia And Ericsson Are In Its Sights." Forbes. Forbes Magazine, February 10, 2020. <https://www.forbes.com/sites/zakdoffman/2020/02/09/china-just-issued-stark-new-threats-over-huawei-this-time-nokia-and-ericsson-are-in-its-sights/>.

¹²⁷ Doffman, Zak. "China Just Issued Stark New Threats Over Huawei: This Time Nokia And Ericsson Are In Its Sights." Forbes. Forbes Magazine, February 10, 2020. <https://www.forbes.com/sites/zakdoffman/2020/02/09/china-just-issued-stark-new-threats-over-huawei-this-time-nokia-and-ericsson-are-in-its-sights/>.

¹²⁸ Shi, Jiangtao. "Chinese Ambassador 'Threatens German Car Industry' If Huawei Is Banned." South China Morning Post, December 15, 2019. <https://www.scmp.com/news/china/diplomacy/article/3042190/chinese-ambassador-accused-threatening-german-car-industry-if>.

a position to manufacture our own cars? No, that would be pure protectionism.”¹²⁹ Following threats from Beijing, lawmakers from German Chancellor Angela Merkel’s ruling conservatives ultimately backed tougher rules on foreign 5G vendors but stopped short of banning Huawei.¹³⁰

14. Australia pushes for World Health Organization coronavirus investigation

In April 2020, Australian leaders lobbied World Health Organization members to support an independent review into the origins and spread of the novel coronavirus—a proposal China’s foreign ministry has vociferously attacked. While Australian Prime Minister Scott Morrison argues “public health trumps everything else” and that “we need to have the information and ... transparency,” China’s National Health Commission believes investigations will undermine coronavirus relief efforts and said “every country should join forces and work together, rather than blaming each other and shirking responsibility.”¹³¹

Chinese ambassador to Australia Cheng Jingye threatened a consumer boycott of Australian exports and tourism, saying, “Maybe the ordinary people will say ‘Why should we drink Australian wine? Eat Australian beef?’” that tourists and students might have “second

thoughts” about visiting Australia.¹³² When Canberra remained continued pushing for an independent WHO coronavirus investigation, the Chinese Ministry of Commerce suspended imports from four Australian meat-processing companies due to regulatory violations and imposed a 73.6% anti-dumping tariff and 6.9% anti-subsidy tariff on Australian barley.¹³³

With China as Australia’s largest export market for tourism, education, wine, and beef, and two-way trade with Beijing worth \$152bn in 2019, these sanctions have hiked the opportunity costs of resistance.¹³⁴ Nevertheless, Prime Minister Morrison has thus far remained committed to an independent inquiry into Covid-19’s origins, saying an investigation is “entirely sensible and reasonable.”¹³⁵

15. Missouri sues Chinese government over handling of coronavirus outbreak

Amid the 21st century’s most devastating pandemic, the state of Missouri filed a lawsuit in April 2020 against the Chinese government over claims that officials concealed information about the outbreak that led to significant economic

¹²⁹ Boston, William. “Car Makers See Chinese Market Picking Up, Leaving U.S. and Others Behind.” The Wall Street Journal. Dow Jones & Company, May 15, 2020. <https://www.wsj.com/articles/car-makers-see-chinese-market-picking-up-leaving-u-s-and-others-behind>; Bennhold, Katrin, and Jack Ewing. “In Huawei Battle, China Threatens Germany ‘Where It Hurts’: Automakers.” The New York Times. The New York Times, January 16, 2020. <https://www.nytimes.com/2020/01/16/world/europe/huawei-germany-china-5g-automakers.html>.

¹³⁰ Rinke, Andreas. “Merkel’s Conservatives Stop Short of Huawei 5G Ban in Germany.” Reuters. Thomson Reuters, February 11, 2020. <https://www.reuters.com/article/us-germany-usa-huawei/merkels-conservatives-set-to-stop-short-of-huawei-5g-ban-in-germany-idUSKBN205146>.

¹³¹ Page, Jeremy, and Natasha Khan. “On the Ground in Wuhan, Signs of China Stalling Probe of Coronavirus Origins ,” The Wall Street Journal. Dow Jones & Company, May 12, 2020. https://www.wsj.com/articles/china-stalls-global-search-for-coronavirus-origins-wuhan-markets-investigation-11589300842?mod=article_inline; Page, Jeremy, and Natasha Khan. “On the Ground in Wuhan, Signs of China Stalling Probe of Coronavirus Origins ,” The Wall Street Journal. Dow Jones & Company, May 12, 2020. https://www.wsj.com/articles/china-stalls-global-search-for-coronavirus-origins-wuhan-markets-investigation-11589300842?mod=article_inline.

¹³² Needham, Kirsty. “Australia Rejects Chinese ‘Economic Coercion’ Threat amid Planned Coronavirus Probe.” Reuters. Thomson Reuters, April 27, 2020. <https://www.reuters.com/article/us-health-coronavirus-australia-china/australia-rejects-chinese-economic-coercion-threat-amid-planned-coronavirus-probe-idUSKCN2290Z6>.

¹³³ Wong, Chun Han, and Chao Deng. “China’s ‘Wolf Warrior’ Diplomats Are Ready to Fight.” The Wall Street Journal. Dow Jones & Company, May 19, 2020. <https://www.wsj.com/articles/chinas-wolf-warrior-diplomats-are-ready-to-fight-11589896722>; Zhou, Weihuan. “Rethinking Economic Coercion as Australia–China Relations Fracture.” East Asia Forum, May 24, 2020. <https://www.eastasiaforum.org/2020/05/23/rethinking-economic-coercion-as-australia-china-relations-fracture/>.

¹³⁴ Needham, Kirsty. “Australia Rejects Chinese ‘Economic Coercion’ Threat amid Planned Coronavirus Probe.” Reuters. Thomson Reuters, April 27, 2020. <https://www.reuters.com/article/us-health-coronavirus-australia-china/australia-rejects-chinese-economic-coercion-threat-amid-planned-coronavirus-probe-idUSKCN2290Z6>.

¹³⁵ “China’s Beef With Australia.” The Wall Street Journal. Dow Jones & Company, May 12, 2020. <https://www.wsj.com/articles/chinas-beef-with-australia-11589325892>.

damage and staggering human tolls.¹³⁶ Chinese foreign ministry spokesman Geng Shuang dismissed the allegations as “very absurd” with “no factual and legal basis at all.”¹³⁷ The state-run *Global Times* tabloid accused Missouri as “stirring up trouble with U.S.-China relations” and suggested it could trigger painful economic countermeasures.¹³⁸

Missouri Attorney General Eric Schmitt said the “Chinese government lied to the world about the danger and contagious nature of

COVID-19, silenced whistleblowers, and did little to stop the spread of the disease” and “must be held accountable.”¹³⁹ However, legal experts question how far the motion will make it in the face of sovereign immunity, a legal doctrine that offers foreign governments sweeping protections against being sued in U.S. courts.¹⁴⁰ While Rob Dixon, director of Missouri’s Department of Economic Development, expressed that he expects “some degree of retaliation against Missouri” due to the lawsuit, Beijing has yet to engage in any forms of retribution.¹⁴¹

¹³⁶ Associated Press. “Very Absurd’: China Slams Missouri Lawsuit over Virus Outbreak.” KMOV4, April 22, 2020. https://www.kmov.com/news/very-absurd-china-slams-missouri-lawsuit-over-virus-outbreak/article_079d2d4e-8483-11ea-b4a0-4fb32e03oad4.htm.

¹³⁷ Mahoney, Micheal. “Chinese Government Threatens to Retaliate against Missouri.” KMBC. KMBC, May 15, 2020. <https://www.kmbc.com/article/chinese-government-threatens-to-retaliate-against-missouri/32504201>.

¹³⁸ Mahoney, Micheal. “Chinese Government Threatens to Retaliate against Missouri.” KMBC. KMBC, May 15, 2020. <https://www.kmbc.com/article/chinese-government-threatens-to-retaliate-against-missouri/32504201>.

¹³⁹ Behrmann, Savannah. “Coronavirus: Missouri Becomes First State to Sue China over ‘an Appalling Campaign of Deceit’.” USA Today. Gannett Satellite Information Network, April 22, 2020. <https://www.usatoday.com/story/news/politics/2020/04/21/missouri-becomes-first-state-sue-china-over-covid-19-pandemic/3001505001/>.

¹⁴⁰ Harper, Justin. “Coronavirus: Missouri Sues Chinese Government over Virus Handling.” BBC News. BBC, April 22, 2020. <https://www.bbc.com/news/business-52364797>.

¹⁴¹ Suntrup, Jack. “‘High Alert’: After Suing China over Coronavirus, Missouri Braced for Retaliation, Records Show.” St. Louis Post Dispatch, May 19, 2020. https://www.stltoday.com/news/local/govt-and-politics/high-alert-after-suing-china-over-coronavirus-missouri-braced-for-retaliation-records-show/article_09b2e4c3-3518-5b56-956a-2fb607e0474c.html.